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C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 004539

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E.O. 12958: DECL: 09/14/2017

TAGS: [PGOV](#) [PINR](#) [KDEM](#) [RS](#)

SUBJECT: ZUBKOV AND SPECULATION ON SUCCESSION

REF: MOSCOW 4511

Classified By: POL M/C Alice G. Wells. Reasons: 1.4 (b,d).

Summary

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¶1. (C) The surprise appointment of First Deputy Minister of Finance Viktor Zubkov has intensified speculation about succession. In the absence of authoritative information about President Putin's intentions, much of what we hear is wildly speculative, and ranges from Putin returning to office after a brief Zubkov presidency to the familiar scenarios that have First Deputy Prime Ministers Ivanov or Medvedev taking office. With this week's developments, however, Ivanov and Medvedev, have moved to the sidelines, and Zubkov is the key figure in everyone's succession calculus. A few of the scenarios making the rounds prior to Putin's September 13 comments at the "Valdai" gathering of foreign policy analysts and journalists in Sochi are offered below. End summary.

¶2. (C) The surprise appointment of First Deputy Minister of Finance Viktor Zubkov to succeed Mikhail Fradkov as Prime Minister has been widely seen to be a piece of the succession jigsaw puzzle, but there appears to be little agreement among observers about where that piece fits. In comments made to journalists during a visit to Belgorod September 13, President Putin shed some light on the intentions behind his appointment of Zubkov. Putin described his decision to replace Fradkov as the product of a desire to indicate "the vector of development, and fashion the system of administrative and executive power" beyond the December Duma and March 2008 presidential elections. (Putin's subsequent comments on September 13 to a group of international journalists and policy makers, intimating a presidential race with four or five serious candidates, Zubkov included, will be reported septel.)

¶3. (C) Putin's comments seemed to confirm the assumptions of some here that any new PM would provide continuity between administrations. Renaissance Capital Executive Vice President Igor Yurgens seconded Putin's comments in a September 14 conversation with us, describing Zubkov as "one hundred percent continuity." He characterized the new Prime Minister as "very close to Putin and very trustworthy." Yurgens, who had worked with Zubkov in correcting problems in the insurance industry, pegged him as "one hundred percent neutral, straightforward, honest, and not in competition with any of the clans." It was Yurgens' impression that Zubkov, as Chairman of the Financial Monitoring Committee, "had files," but did not use them to shake down businessmen, as was the case with the Tax Inspectorate.

¶4. (C) Yurgens sketched a scenario that had Zubkov as the next president, with Putin in the wings, and First Deputy Prime Minister Dmitriy Medvedev the prime minister. Medvedev, he noted parenthetically, was well equipped "organizationally and intellectually" for the job. Putin's

continued, post-2008 relevance was, according to Yurgens, necessary to the continuation of the system the President had constructed. In the absence of institutions and "consensual control of the clans," Putin was fated to be a hands-on ex-President. His complete departure from government would mean that "the stronger side would win," and "stronger is not necessarily better."

¶ 15. (C) Jurgens' predictions were not, of course, seconded by other observers. The Gorbachev Foundation's Valeriy Solovey forecast to us September 13 a "real" presidential election contest. The result, Solovey thought, could well be a Sergey Ivanov presidency. With no clan support, Ivanov would be a weak chief executive under the influence of powerful magnates, however. Solovey discounted the possibility that Medvedev would become president, pegging his falling star to lack of elite support. Political observer Mikhail Delyagin agreed with Solovey September 13 that Putin would go and likely be replaced by Ivanov or, perhaps, First Deputy Prime Minister Naryshkin. Delyagin thought it less likely, but not impossible, that Zubkov would follow Putin into the presidency, then step aside a few months later to let Putin return.

¶ 16. (C) Gazeta.ru political commentator Dmitriy Badkovskiy told us that Zubkov's appointment had reduced the number of possible "operation successor scenarios," e.g., eliminating in his view the possibility that the presidential successor would first be appointed prime minister, but had left the fundamental question --who will succeed Putin-- unanswered. Badkovskiy described Putin's decision as predictable, as it preserved the President's influence while appearing to move the succession process forward. Badkovskiy believed that Zubkov's appointment was a detour on the way to a more

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predictable scenario, which would have Putin, at some point in the fall, make his preferences known. The succession process required that the candidate be seen as the heir-apparent, no matter how frequently he was in the public eye, Badkovsky said. And that requirement ultimately would force Putin's hand.

¶ 17. (C) XXXX Dugin told us September 13 that, whoever the successor, the primary task is to ensure Putin's legacy. The appointment of Zubkov, Dugin thought was timed in part to unsettle a fractious elite. The appointment of Ivanov, instead of Zubkov would have hardened factions among the elite and, possibly, precipitated a crisis. Putin's decision "had not solved the problem, but it had postponed the solution" which, if announced too early would have created further problems of its own.

Comment

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¶ 18. The number of scenarios is limited only by the imagination of the person who spins them and the credibility of his audience. With his Belgorod comments, Putin has signalled a desire for continuity in government, and seems to have anointed Zubkov the agent of that continuity. Whether Zubkov will provide that service as Prime Minister, or at some point be chosen to succeed Putin, is impossible to say. Zubkov's ability to loyally continue what Putin sees as the "vector of development" he has chosen for Russia, may give new meaning to the President's stated desire, expressed almost one year ago, to "remain influential in (Russian) politics" after his term of office ends.

Burns